



## Appendix C Property Administration *Letter of Delegation (LOD) for NASA Contracts*

A. CONTRACT NUMBER

B. DELEGATION NUMBER

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***Note: This document may be tailored to identify specific customer needs not included at the time of origin.***

### Property Administration - Customer Outcomes

*Outcome Objective:* Property Control and Accountability

*Supporting Outcome:* Validated NASA Form 1018

*Outcome Metric:* Review and Validate all contractor NF 1018 Reports in NESS

*Performance Standard:* Validate NF 1018 Reports within 15 Days

*Outcome Objective:* Property Control and Accountability

*Supporting Outcome:* Perform Property Control System Analysis Reports and Resolution of Findings

*Outcome Metric:* Perform PCSA to ensure proper Control, Utilization and Maintenance of Gov't Property

*Performance Standard:* Complete all PCSAs by the End of Fiscal Year

### Point of Contact (POC) Designated for This Function

NAME

TELEPHONE

***The following contract administration functions identified in FAR 42.302 (a) are delegated or retained as shown:***

***D = Delegated, R = Retained***

### A. Specific Contracts

NASA requirements for property administration are generally compatible with DoD's. However, there are several differences that will require special attention of the cognizant DoD Property Administrator (PA). They follow. For the purposes of this document, written correspondence between the PA and the NASA Industrial Property Officer (IPO) shall include electronic mail.

1. On receipt of this delegation and the supporting contract documentation, the Property Administrator (PA) will:
  - a. Compare the contractor's proposed standards and practices to assure conformity with standards and practices already in place, both as documented or in actual application, at the contractor's place(s) of performance.
  - b. Assess whether the proposed standards and practices are sufficient to adequately preserve, protect, manage, account for and dispose of Government property at the place(s) of performance.

- c. Notify the Industrial Property Officer (IPO) of any significant differences between the proposed and current standards and practices.
  - d. The PA shall notify the IPO when he/she determines that the proposed standards and practices are inadequate for the management of NASA property.
- 2. The PA will notify the cognizant NASA IPO and the NASA Contract Property Manager, in writing, of the status of the contractor's latest property process review and/or audit.
- 3. The PA will provide the cognizant NASA Industrial Property Officer a copy of the current risk determinations, with rationale, for all contractor sites associated with NASA contracts in accordance with the DoD Manual.
- 4. PAs will provide a copy of the Property Control System Analysis summary report within 30 days of completion of the process review to the cognizant NASA Industrial Property Officer and the NASA Contract Property Manager.
- 5. Without regard to the current status of the contractor's property process review or audit, the PA will immediately advise the cognizant NASA Industrial Property Officer via e-mail or written correspondence whenever the PA determines that circumstances or the activities of the contractor, contractor personnel or third parties may have or will result in a significantly increased risk of loss, theft, damage, destruction or misuse of Government property provided under the contract.
- 6. The PA will notify the IPO and the NASA Contract Property Manager of any instance in which the value or quantity of property under a loss, theft, damage or destruction report exceeds, or the cumulative value of reports exceeds the standards and practices used by the contractor for management of Government property.
- 7. The PA will verify the efficacy of all required reports related to property records and assure they are submitted in accordance with the requirements of the contract.
- 8. As part of the property process review or audit and before accepting the quality of contractor records the PA will:
  - a. Assure that the acquisition cost is supported by and derived from data in the contractor's cost accounting records,
  - b. Request the contractor provide information on the results of any Government review of their cost accounting processes.
  - c. Assure that the contractor's records of Government furnished property contain the same property value as the documentation supporting provision.

If any of the above conditions have not been met the PA shall include, in the system analysis report, "This review is qualified because there is insufficient information for the PA to validate unit prices for Government property." The PA's determination of system status, (adequate, inadequate) may or may not be affected by qualification of this element alone.

- 9. The PA will ensure that severable items of commercially available equipment that are incorporated into special test equipment or systems are uniquely identified within the contractor's records system.
- 10. The PA will assure that the contractor's records correctly categorize Government property under the contract and that contractor records evidence the cognizant Industrial Property Officer's approval of any changes to categorizations of Government furnished property.

11. The PA will assure that contractor records show all NASA property within the contractor's custody and that the contractor retains an appropriate document authorizing provision. Particular attention should be given to assure that the contractor obtained the approval of the Contracting Officer before the transfer of Government furnished property and that any Government Furnished Property is modified to the contract in accordance with FAR and NASA FAR Supplement guidance.
12. The PA will report any relief of responsibility granted, in writing, to the cognizant IPO, within 30 days of the action. At minimum, the report shall include the following for each item of property:
  - a. Complete description of the property;
  - b. Any and all applicable identification data;
  - c. The value of each item; and,
  - d. NASA identification number if available.
13. The PA shall review the contractor's records to assure that property that has no further use on the contract is not retained by the contractor without the written, annual, approval of the Contracting Officer.
14. Assure that the contractor's processes contain instructions on the proper exchange (trade in) of Government property. The contractor's records must give evidence of the contracting officer's approval and that the transaction was reported to the cognizant Industrial Property Officer and NASA Property Disposal Officer.

## **B. Special Considerations for Major Contractors**

NASA has determined that this contractor holds amounts or values of Government property sufficient to have a material effect on financial reports required by the Chief Financial Officer's Act of 1980. The following actions are needed to validate information contained in those financial reports. DCMA Property Administrators will perform these actions annually, prior to September 30, regardless of DoD risk assessment.

To assure the validity of the contractor's property records, the Property Administrator will review the Records, Physical Inventory and Reports segments of the contractor's property management system annually:

1. *Records* - The PA will test the contractor's records to assure that they are correct, valid, and are either based on appropriate supporting documentation or are derived from other Government validated contractor systems.
2. For international contracts, the PA will assure that the contractor's recorded property values remain constant and do not change due to fluctuations in exchange rates.
3. The PA shall check to assure that the contractor does not prematurely record deletion transactions. In particular transactions those associated with physical transfers between contractors should only be recorded as instructed by the contract language or instructions from the Government.
4. *Physical Inventory* - The PA shall test the contractor's physical inventory accuracy, and the accuracy of their records, using sampling techniques and sizes set forth in the DoD Manual for Contract Property Administration. The PA shall test for both completeness of the property records, meaning that all items that should be recorded have been recorded, and existence, meaning that all items on record can be found. The above tests should be accomplished using both a record to floor and a floor to record check.

5. The PA shall note any deficiencies in the contractor's NF 1018 property reports and shall require correction within the same month as the deficiency is noted.
6. Before September 30 each year, the PA shall provide a written report (electronic mail reports are sufficient for this purpose) detailing any findings, determinations or qualifications resultant from these instructions. The report shall be forwarded to the NASA Industrial Property Officer and the Deputy Chief Financial Officer at the NASA center responsible for issuing the contract.

#### ADDITIONAL REQUIREMENTS